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NO. 028

GENERAL

1. US views on suspension of Austrian talks--The Department of State has instructed US representative Reber in London to obtain agreement on suspending the Austrian treaty talks and on reconvening the negotiations at an unspecified place about 1 August, with the understanding that an earlier meeting can be convoked at the request of the participating governments. Meanwhile, Reber reports that Foreign Secretary Bevin prefers not to fix a date for reconvening the deputies, but would simply have them adjourn and hold themselves at the disposal of the Foreign Ministers.

The Department has instructed US Legation Vienna to explain to the Austrian Government that: (a) in case of a German stalemate, the US desires to preserve its freedom of action on the Austrian treaty; and (b) a formal request now by the Austrian Government that the Austrian treaty be given priority in the CFM negotiations would destroy this freedom and might postpone conclusion of an Austrian treaty indefinitely.

2. US position on Italian colonies--The Department of State has instructed the US delegation to the UN, regarding possible proposals on the disposition of the Italian colonies, that the US should: (a) strongly support the British resolution which provides for UK trusteeship over Cyrenaica and refers the question of the disposition of the remainder of Libya to a five-power group which would make recommendations to the next General Assembly; (b) vote for any other resolutions which agree with prior US commitments to the UK, Ethiopia, and Italy on Cyrenaica, Eritrea, and Italian Somaliland; (c) propose, if the GA rejects the British resolution or a move for immediate Libyan independence develops, that the UK or the

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NO CHANGE in Class.

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UN Trusteeship Council be authorized to study the matter and recommend means for attaining independence to the 1950 General Assembly; and (d) abstain from voting on any proposal for immediate independence for Libya. Regardless of the disposition of Libya, the Department considers it highly desirable that Eritrea and Somaliland be disposed of at this session of the GA.

FAR EAST

3. BURMA: Commonwealth plans renewed aid--US Embassy London has been informed by the British Foreign Office that an agreement reached at the recent Commonwealth Prime Ministers' Conference to extend military and financial aid to the Burmese Government will be announced in the near future. The Foreign Office indicated that the UK would probably bear the brunt of such assistance but that Pakistan, India, and Ceylon would also contribute. Conditions attached to the agreement specify that the Burmese Government: (a) conclude an armistice with the Karens and other non-Communist insurgent elements; (b) effectively rehabilitate government finances; and (c) permit supervision of these actions by the British, Indian, and Pakistani Ambassadors to Burma. The Foreign Office believes that the plan has a "fifty-fifty" chance of restoring Burmese internal stability.

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(CIA Comment: CIA believes that the plan has a reasonable chance of success provided the Commonwealth conditions are observed, but seriously doubts the ability of the present Burmese Government to comply with these conditions.

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